

Exhibit I: Flexible Factor Requirements

1. Prior Notice Requirement

An Insurer will not, except as described in Section 4 of these Flexible Factor Requirements modify or adjust any Flexible Factor in effect as of the Effective Date under any Flexible Factor Policy *unless* it has filed with the Commissioner, at least 60 days prior to implementing such modification or adjustment, a statement of its intention that complies with the requirements of these Flexible Factor Requirements and the Commissioner has not disapproved the proposed modification or adjustment during the 60 day period following the filing of said statement. To be effective for purposes of these Flexible Factor Requirements, such disapproval must be based upon a written finding that (x) such modification or adjustment involves an increase in the Insurer's profit factor for the Flexible Factor Policies that are the subject of such statement and (y) such modification or adjustment (i) is based on actuarial assumptions that are unreasonable or (ii) is otherwise contrary to law.

2. Definitions

Unless otherwise defined in these Flexible Factor Requirements, capitalized terms have the meanings ascribed to them in the Plan.

"Flexible Factors" means, with respect to Flexible Factor Policies, current cost of insurance rates, current interest rates, current expense charges and, for indeterminate premium policies, current premiums, that in each case may be redetermined from time to time by the issuing insurer on the basis of projected future experience. "Flexible Factors" also means, solely for purposes of the Plan, (1) annual dividends paid with respect to life insurance policies marketed under the name "Life Builder," which are listed by policy form number in Schedule I-1 to the Flexible Factor Requirements attached hereto as Exhibit I and (2) termination dividends paid with respect to life insurance policies issued by Prudential and marketed under the names "Life Builder," "Appreciable Life" and "Variable Appreciable Life," which are listed by policy form number in Schedule I-1 to the Flexible Factor Requirements attached hereto as Exhibit I.

"Flexible Factor Policy" means any individual life insurance policy In Force on the Effective Date that is within the classes of policies listed in Schedule I-1 to Exhibit I, whether participating or nonparticipating, and associated riders, where the issuing insurer has reserved the right to modify (upward or downward) premiums, charges (i.e. for expenses or cost of insurance) or credits (interest on contract funds or dividends) on the basis of future anticipated or emerging experience.

"Insurer" means Prudential, Pruco Life Insurance Company, Pruco Life Insurance Company of New Jersey or Prudential Select Life Insurance Company of America.

"Prudential" means The Prudential Insurance Company of America.

"Qualified actuary" means an individual who is a member in good standing of the American Academy of Actuaries and who meets the general qualification standards for making Prescribed Statements of Actuarial Opinion in the life insurance practice area as set forth by the American Academy of Actuaries.

3. Proposed Adjustments

An Insurer shall file any proposed modifications to or adjustments in Flexible Factors for Flexible Factor Policies, including changes in non-guaranteed interest, with the Commissioner at least 60 days prior to implementation. The Insurer may utilize the new premiums or factors provided the Commissioner has not disapproved such changes within 60 days of the date of filing upon any of the grounds for disapproval specified in Section 1 of these Flexible Factor Requirements.

Notification to the Commissioner of any Flexible Factor or premium change shall include the following information:

- a. An identifying form number(s) and original filing date(s) of the form(s) to which the Flexible Factor change applies, together with a list of states in which the form was previously filed;
- b. An indication of the Flexible Factor(s) which is being changed and the implementation date of such change;
- c. A specification of the categories (for example, face amount, date of issue, etc.) of in force business to which the revised Flexible Factor(s) will apply;
- d. A description, for representative plans, ages and durations, of (i) the Flexible Factor(s) in effect at the time of the filing of the notification of a new Flexible Factor, (ii) the new Flexible Factor(s) and (iii) any differences between (i) and (ii), together with a statement as to whether any such differences represent an increase, decrease or no change from those in effect as of the time of the filing, as well as a specification of the relative magnitude of any such change(s);
- e. The rationale for the change, describing changes in experience or expected changes in experience leading to that change;
- f. An actuarial memorandum which shall include: a certification by a qualified actuary that the change does not increase the profit factor or, if the change does increase the profit factor, includes an explanation of the manner by which and the reasons why the profit factor should be increased; and

- g. A certificate from a duly authorized officer of the Insurer that the Insurer's board of directors, executive committee, or officer duly authorized by the board has approved the proposed Flexible Factor(s) change, or other evidence acceptable to the Commissioner of such action.

The actuarial memorandum required pursuant to f. above shall contain a certification from the qualified actuary who prepared it that adjustments are such as to (a) retain or reduce the profit factor that was inherent in the rate formulas at issue, or (b) if, in the actuary's judgment, the profit factor for covered policies should be increased, the actuarial memorandum shall provide all justifications for that increase. Adjustments in premiums or factors which increase profits (before consideration of dividends) shall be acceptable if the Commissioner determines that future dividends will also be adjusted so that profit to the Insurer, after dividends, is the same as was inherent in the rate formulas and anticipated dividends at issue.

4. Exceptions to Prior Notice Requirement

An Insurer shall not be required by these Flexible Factor Requirements to provide prior notice for any change in a Flexible Factor if the change is made pursuant to a methodology or formula that has been filed with the Commissioner and implemented by the Insurer in compliance with these Flexible Factor Requirements.

An Insurer may implement a modification or adjustment of a Flexible Factor without complying with the requirements of these Flexible Factor Requirements if the Insurer reasonably determines that such compliance would cause it to violate the law of any State or directive of any insurance regulatory authority having jurisdiction over the Insurer.

5. Amendments and Termination

The Company may amend or terminate these Flexible Factor Requirements with the prior approval of the Commissioner, upon such terms and conditions as the Commissioner may approve.

Schedule I-1
Flexible Factor Policies
The Prudential Insurance Company of America

<u>Policy Form Number</u>	<u>Policy Form Marketing Name</u>
BWL-84	Life Builder
BWL-84V	
ALA-88	Appreciable Life
ALB-88	
VALA-88	Variable Appreciable Life
VALB-88	
VALA-97NJ	
VALB-97NJ	
IPT-89	Indeterminate Premium One Year Term
IPT-95	
SVUL-95	Survivorship Preferred
VUL-97 NY	Variable Universal Life
GRP-89292	Direct Term
GRP-81838	Florida Term
PSL-PR1.94	PruSelect Life Individual UL
AC1.94	
PSL-SU1.94	PruSelect Life Second-to-Die Universal Life
PSL-FT1.94	PruSelect Life First-to-Die Universal Life

Schedule I-1
Flexible Factor Policies
Pruco Life Insurance Company

<u>Policy Form Number</u>	<u>Policy Form Marketing Name</u>
ALA-84	Appreciable Life
ALA-86	
ALB-84	
ALB-86	
VALA-84	Variable Appreciable Life
VALA-86	
VALB-84	
VALB-86	
VUL-97	Variable Universal Life
FL-85	
VFL-85	Discovery Life
CUL-B-106	Discovery Life Plus
VAL-DR-105	Charity Plus
	PRUvider

Schedule I-1
Flexible Factor Policies
Pruco Life Insurance Company of New Jersey

<u>Policy Form Number</u>	<u>Policy Form Marketing Name</u>
ALA-84	Appreciable Life
ALA-86	
ALB-84	
ALB-86	
VALA-84	Variable Appreciable Life
VALA-86	
VALB-84	
VALB-86	
VAL-DR-105	PRUvider
FL-85	Discovery Life
VFL-85	Discovery Life Plus